

## MEMORANDUM

DATE: February 1, 2008

TO: Mr. Mitchell G. Crane, Esq.  
c/o Delaware Department of Insurance

FROM: Daniese McMullin-Powell, Chairperson  
State Council for Persons with Disabilities

RE: 11 DE Reg. 877 [Use of Credit Information Regulations]

The State Council for Persons with Disabilities (SCPD) has reviewed the Department of Insurance's proposal to amend Regulation 906 to comply with S.S. 1 for S.B. 31 which restricts the use of credit scores in determining vehicular and homeowner policy eligibility and rates. With some limitations, insurers can still use credit scores as part of other underwriting factors in assessing new policy applications. See Title 18 Del.C. §8303(a)(1). For existing policies, insurers may not make any "adverse underwriting decision" based on a credit score. See Title 18 Del.C. §8303(a)(2). However, insurers will be required by the regulations to offer policyholders the option of a credit score assessment to determine if it would result in a lower premium. Effective April 1, 2008, written notice of such option, and a form to request such an assessment, will be provided to policyholders annually. See Regulations, §§6.1.2, 6.1.3 and 13.

SCPD believes the regulations are comprehensive and consumer oriented. Consumer notices are prominent (18 point type) [§6.1.3]. Applications denied based on credit information must disclose the specific bases for the denial [§6.2]. Applicants can seek review of the adverse effect of a credit score through the insurer and proffer "extraordinary personal circumstances" (e.g. illness; identity theft) to "explain" a low score [§7.3].

SCPD endorses the proposed regulations subject to correction of two minor grammatical errors. In §6.4, substitute "a" for "an" before "new credit score". In §6.1.2, substitute "an insurance score review" for "have their insurance score reviewed".

Thank you for your consideration and please contact SCPD if you have any questions or comments regarding our observations on the proposed regulation.

cc: Mr. Matthew Denn  
Governor's Advisory Council for Exceptional Citizens  
Developmental Disabilities Council

